

## **2007 Legislation with a Property Tax Twist**

### **March, 2007**

**HB 26 Property Tax Exemption For Personal Property**      Retrospective to 1/1/07  
Amends the personal property exemption for personal property with an aggregate fair market value of \$3,500 or less to exclude personal property required to be registered with the state as well as mobile and manufactured homes.

**HB 58 New School District Property Tax Amendments**      Effective 4/30/07  
Places the following limitations on existing and new school district property tax revenues when a new school district is created: (1) prohibits the levying of a property tax by the new school district prior to the year in which the new district assumes responsibility for student instruction; (2) allows the existing district to impose a property tax on the new district during the period it provides instruction to the new district's students; (3) allows the new district, after taking over student instruction, to continue imposing property tax levies previously approved by a vote of the predecessor district electorate and places limitations on the levies and (4) requires the new school district and the remaining district to publish advertisements and hold hearings provided for in Sections 59-2-918 and 919 before levying a property tax in the first fiscal year the new district takes over student instruction.

**HB 65 Special and Local Districts Amendments**      Effective 4/30/07  
For the past 10 years, a legislative subcommittee has been updating and rewriting statutory provisions relating to special districts under Title 17A. The focus has been on independent special districts under Chapter 2 of Title 17A. This legislation is the culmination of that effort and begins the process of rewriting provisions applicable to independent special districts and dependent special districts known as county and municipal improvement districts under Chapter 3 of Title 17A. One goal of the rewrite has been to simplify, consolidate, and standardize as much as possible so that, where possible, only one set of provisions governed all types of districts. It consolidates and standardizes provisions relating to district authority, including taxing, bonding and eminent domain authority, district boards of trustees, actions contesting a district resolution or other action, local district validation proceedings, and other matters; it repeals redundant and inconsistent provisions. It changes terminology applicable to entities previously known as independent special districts, except special service districts, and renames them "local districts". It changes terminology applicable to what have previously been known as county and municipal improvement districts so that they will be known as "assessment areas". It expands the entities that are authorized to designate assessment areas from counties and municipalities to include local districts and special service districts and authorizes a local government entity to finance operation and maintenance costs of improvement through an assessment area. It authorizes local districts to combine a notice and hearing related to the district's budget with the notice and hearing on a proposed fee increase. It eliminates county legislative body approval as a requirement for a drainage district to levy a property tax. It establishes a debt limit for basic local districts and modifies the basis for calculating the debt limit of some districts from taxable value to fair market value. Also, it increases the debt limit of a former regional service area, a cemetery maintenance district and a mosquito abatement district. Finally, unique provisions with respect to a particular type of district were updated and simplified but

continue to apply only to that type of district. It is the intent of the Legislature that none of the changes disturb the body of case law relating to the underlying principles applicable to these types of local government entities.

**HB 111 Personal Property Tax Amendments**      Retrospective to 1/1/07

Beginning January 1, 2007, this legislation eliminates semiconductor-manufacturing equipment (personal property class 15) assessed by a county assessor from the calculation of the certified revenue levy and the certified tax rate. This change will affect the prior and current year's values, 5-year collection ratio and the BOE adjustment. Currently, only Utah and Salt Lake Counties are affected.

**HB 142 Fee in Lieu of Property Tax**      Effective 4/30/07

Clarifies that a non-Utah public agency that has an ownership interest in the potential third unit of IPA is subject to ad valorem property tax on that property, and not a fee in lieu under Section 11-13-302.

**HB 146 County Tax Sales of Property**      Effective 4/30/07

Enacts a new section relating to county tax sales. It limits the amount of money a tax sale interest purchaser, who owns an undivided interest in real property, may receive from a subsequent sale of property bought at a tax sale. Also, it provides that a tax sale interest purchaser may not object to the subsequent sale of the tax sale property if the tax sale interest purchaser receives at least the amount of money paid plus 12% interest.

**HB 200 Standardizing Documents Filed With County Recorder**      Effective 4/30/07

Establishes requirements for documents submitted for recording with the county recorder's office. Beginning July 1, 2007, each document submitted for recordation is to be an original or certified copy, have an accurate English translation, contain a brief title, heading or caption on the first page, contain a legal description, comply with requirements of Sections 17-21-25 and 57-3-105, be notarized and have original signatures. Beginning September 1, 2007, county recorders are authorized to establish certain standards (primarily formatting), for documents submitted for recording. However, the county recorder who establishes these standards must provide formal notice of the requirements and establish and publish an effective date that is at least three months after the formal notice. Also, a county recorder is authorized to collect an additional fee not to exceed \$2 per page for documents that fail to comply with formatting requirements. Exceptions to the above requirements are listed.

**HB 247 Special Service District Authority to Provide Jail Facilities**      Effective 4/30/07

Expands a provision authorizing a special service district to provide, maintain and operate jail facilities so that it applies to all special service districts rather than just those in first -class counties; however, it limits the application of certain administrative control board provisions to just the first class counties.

**HB 293 Centrally Assessed Property**      Effective 4/30/07

Requires USTC to notify the owner of centrally assessed property, as well as the county where the property is located, of the assessment on that centrally assessed property by **certified** mail. It changes the time for a centrally assessed property owner or a county to

appeal an assessment by USTC to on or before the later of June 1, or 30 days from the date the notice of assessment was mailed.

**HB 362 Annexation Amendments** Generally effective 3/20/07 (some provisions 1/1/08)  
Allows unincorporated county islands within city boundaries to annex more easily without forcing the entire island to annex.

**HB 427 Nonresident Sales of Motor Homes** Effective 4/30/07  
Exempts motor home sales from proportional personal property tax assessment if the motor home is brought into the state to be placed in a licensed dealer's inventory.

**SB 30 Creation of New School District Amendments** Effective 4/30/07  
Adds a vote to elect school district board members resulting from the creation of a new school district to the list of special elections a political subdivision may call. It provides a process of certifying the creation of a new school district through the Lt Governor's Office. It establishes a process for allocating existing school district property with the new school district by providing transition teams representing both school districts and requiring that disputes about the allocation of property be decided by binding arbitration. It provides a method for paying for the new district's proportionate share of bonds issued before the new district was created and prohibits a school district board from issuing bonds approved but not issued before the creation of the new district.

**SB 199 Division of Real Estate and Title Insurance Related Amendments**  
Most sections are effective April 30, 2007  
Permits investigation of and administrative action against unlicensed persons acting in the capacity of a person required to be licensed as a real estate appraiser. Includes failing to respond to requests by the DRE in an investigation to be grounds for administrative or disciplinary action. Modifies administrative sanctions available to the Appraisal Board; it allows civil penalties to be the greater of \$2,500 or the amount of any gain or economic benefit derived from each violation.

**SB 203 Disclosure of Property Tax Information** Effective 4/30/07  
Defines "protected commercial information" to mean commercial information that identifies or would reasonably lead to the identity of a specific property taxpayer. Allows an assessor to share the following commercial information with an appraiser: (1) the sales price of locally assessed property and the related financing terms; (2) capitalization rates and related rates and ratios related to the valuation of locally assessed property; (3) income and expense information related to the valuation of locally assessed property; however these items need to be redacted so the owner cannot be identified. In most cases, an appraiser who receives commercial information may disclose the information to another appraiser or assessor to use in performing a consultative service or to use in an appraisal if protected commercial information is removed to protect its confidential nature. If an appraiser violates confidentiality provisions, he forfeits his certification or license for five years. If an individual associated with or assisted an appraiser in preparing appraisals violates confidentiality provisions, he is prohibited from becoming licensed or certified.

**SB 218 Community Development & Renewal Agency Amendments**      Effective 4/30/07

Modifies the definition of urban renewal to include environmental remediation and modifies the definition of base taxable value to mean (for a project on an inactive industrial site), the year after the date the inactive industrial site is sold for remediation and development. It prohibits a taxing entity committee from disapproving an agency's finding of blight unless the committee demonstrates that the blight conditions the agency found to exist in the urban renewal project area do not exist. It authorizes the taxing entity committee to hire a consultant to assist in the taxing entity committee's approval or disapproval of an agency's finding of blight, requires the taxing entity committee and agency to share the consultant's expenses, and makes the consultant's findings binding. It allows 60% of tax increment for at least 15 years for an urban renewal project area plan that proposes development of an inactive industrial site. Allows an agency to use tax increment inside or outside of project areas to relocate mobile home park residents displaced by a development. Eliminates the taxing entity committee consent requirement for the use of tax increment and sales tax proceeds for certain infrastructure and improvements in a community development project area.

**SB 232 Military Installation Development Authority**      Effective 4/30/07

Creates the "Military Installation Development Authority Act" in Title 63H. It creates a separate, independent, nonprofit body known as the "Military Installation Development Authority" and provides for the authority's powers and an appointed board to govern. It authorizes the authority to develop military land, use tax increment and issue bonds and exempts the authority from land use laws.

**SB 260 Property Tax – Definition of Goodwill**      Retrospective to 1/1/07

Amends the definition of "goodwill" for purposes of the property tax exemption for intangible property to clarify that the ability of a business to generate income that exceeds a normal rate of return on assets must result from superior management skill, reputation, customer relationships, patronage or some similar factor.

**HJR 14 Master Study Resolution**      Effective 4/30/07

This legislation identifies for the Legislative Management Committee items of study it may assign to the appropriate interim committee during the 2007 legislative interim. Property tax related items include:

HB 132 Property Tax Deferral-Senior Citizens

HB 78 Property Tax Deferral-Senior Citizens

Study issues related to property tax equalization

HB 414 Taxes related to aviation = property tax, uniform fees and fuel

HB 187 Eminent Domain issues

HB 65 Make adjustments to special & local districts & remaining dependent special districts

SB 88 Uniform Real Property Electronic Recording –adopt standards

HB 332 Displaced mobile home owners---assistance